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RUEHAS/AMEMBASSY ALGIERS PRIORITY 0863
RUEHAM/AMEMBASSY AMMAN PRIORITY 4590
RUEHAK/AMEMBASSY ANKARA PRIORITY 5045
RUEHLB/AMEMBASSY BEIRUT PRIORITY 4248
RUEHEG/AMEMBASSY CAIRO PRIORITY 2589
RUEHDM/AMEMBASSY DAMASCUS PRIORITY 5008
RUEHLO/AMEMBASSY LONDON PRIORITY 1872
RUEHFR/AMEMBASSY PARIS PRIORITY 0084
RUEHRB/AMEMBASSY RABAT PRIORITY 8859
RUEHRO/AMEMBASSY ROME PRIORITY 6339
RUEHRH/AMEMBASSY RIYADH PRIORITY 1256
RUEHTU/AMEMBASSY TUNIS PRIORITY 5361
RUCNDT/USMISSION USUN NEW YORK PRIORITY 7319
RUEHJM/AMCONSUL JERUSALEM PRIORITY 0257
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY
RHMFISS/COMSOCEUR VAIHINGEN GE PRIORITY
RHMFIUU/COMSIXTHFLT PRIORITY

UNCLAS TEL AVIV 001763

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

SIPDIS
E.O. 12958: N/A
TAGS: [OPRC](#) [KMDR](#) [IS](#)

SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

- [1](#)1. Iran
- [1](#)3. Mideast

Key stories in the media:

Ha'aretz reported that PM Ehud Olmert has presented Palestinian President Mahmoud Abbas with a detailed proposal for an agreement in principle on borders, refugees, and security arrangements between Israel and a future Palestinian state. The centerpiece of Olmert's

proposal is the suggested permanent border, which would be based on an Israeli withdrawal from most of the West Bank. In return for the land retained by Israel in the West Bank, the Palestinians would receive alternative land in the Negev, adjacent to the Gaza Strip. The Palestinians would also enjoy free passage between Gaza and the West Bank without any security checks. Under Olmert's offer, Israel would keep 7 percent of the West Bank, while the Palestinians would receive territory equivalent to 5.5 percent of West Bank. Israel views the passage between Gaza and the West Bank as compensating for this difference: Though it would officially remain in Israeli hands, it would connect the two halves of the Palestinian state. The land to be annexed to Israel would include the large settlement blocs, and the border would be similar to the present route of the separation fence. Israel would keep Ma'aleh Adumim, Gush Etzion, the settlements surrounding Jerusalem and some land in the northern West Bank adjacent to Israel. In the second stage, once the Palestinians complete a series of internal reforms and are capable of carrying out the entire agreement, Israel would remove any settlers remaining east of the new border.

Almost all media continued to lead with the fighting in Georgia. The media cited President Bush's statement yesterday. The Jerusalem Post reported that Russian charge d'affaires Anatoly Yurkov told the newspaper yesterday that Russia very much appreciates the "balance" approach that Israel has demonstrated during the current conflict. FM Tzipi Livni told the leading Internet news site Ynet yesterday that Israel was maintaining its friendly ties with Georgia, and also shared with Russia a "common way of looking at things." This morning Israel Radio reported that an El Al plane left Ben-Gurion Airport to bring back Israelis stranded in Tbilisi. The media also reported on the suffering of the Jews of Georgia.

Leading media cited a Defense Ministry announcement yesterday that Israel's border crossings with Gaza will be shut today in response to a rocket attack on southern Israel from Gaza. The rocket landed next to a Sderot kindergarten.

Ha'aretz reported that a Palestinian who refused to vacate his apartment in the Jerusalem neighborhood of Sheikh Jarrah was imprisoned for three weeks. The Nahalat Shimon organization is active "judaizing" property in the area. Maariv reported that ten days ago, west of Bethlehem, soldiers arrested a Palestinian, cuffed him, and left him on the side of the road. The force's commander was suspended for 21 days.

Yesterday, in an interview with Ynet, Defense Minister Ehud Barak disparaged FM Tzipi Livni for criticizing Barak for interfering in Kadima party affairs. Ha'aretz reported that Minister Shaul Mofaz is drawing a "surprising" level of support in Kadima.

Israel Radio quoted Deputy Hamas Chairman Mousa Abu Marzuk as saying in an interview with the London-based Al-Quds Al-Arabi that Hamas has recently received a new Israeli offer to discuss the release of Gilda Shalit through Qatari mediation. Abu Marzuk indicated that Hamas will only accept understandings already reached through the Egyptian mediator and that it will not budge from its positions. Ha'aretz reported that yesterday senior Hamas sources confirmed that the group is not prepared to resume talks to release Shalit as long as Israeli does not entirely lift the siege on Gaza and does not revoke all constraints on Israel-Gaza trade. Ha'aretz cited the London-based Ash-Sharq Al-Awsat as saying that Egypt and Hamas are deeply divided regarding the Shalit affair: Hamas reportedly accuses Egypt of foot-dragging.

Leading media reported that Cabinet Secretary Oded Yehezkel was questioned under caution for eight hours yesterday on suspicion of fraud and breach of trust. The police interrogation focused on his alleged role in affairs related to Olmert during his tenure as minister of industry, trade, and labor.

Ha'aretz reported that the Civil Administration has "offered" to move two Bedouin villages eastward -- from Israel to the West Bank.

The Jerusalem Post cited Israel's concern that Russia would sell more advanced weaponry to Syria during President Bashar Assad's visit to Moscow next week.

Major media reported that Hadash MK Dov Henin has announced his

candidacy for Tel Aviv mayorship, becoming incumbent Mayor Ron Huldai's main contender.

Yediot reported that the Jerusalem Municipality is considering extending the route of the light railway under construction to the Old City's Dung Gate, close to the Western Wall. The newspaper also reported that the route could include a 600-meter-long tunnel under Mt. Zion.

Yediot reported that the Immigration Authority is recommending that the government make use of thousands of dogs along the Egyptian border to prevent illegal immigrant infiltration.

11. Iran:

Summary:

Former Ambassador to the U.S., former Minister of Foreign Affairs, and former Minister of Defense Moshe Arens wrote in the independent, left-leaning Ha'aretz: "Tehran must be saying, we don't need a nuclear bomb to wipe Israel off the map ... Hizbullah and Hamas rockets will do the job much more cheaply."

Block Quotes:

"No Peripheral Vision"

Former Ambassador to the U.S., former Minister of Foreign Affairs, and former Minister of Defense Moshe Arens wrote in the independent, left-leaning Ha'aretz (8/12): "Mahmoud Ahmadinejad is not as stupid as he looks. His almost daily bombastic threats against Israel, accompanied by his insistence that Iran has every right to continue enriching uranium -- the raw material for a nuclear bomb -- has succeeded in totally focusing most Israeli leaders on the Iranian threat, to the disregard of more immediate threats that are under our very nose. For some years now, most Israeli politicians have become like horses with blinders: They can only look straight ahead. They seem to have lost their peripheral vision. In the meantime, Hizbullah and Hamas are doing Iran's work. In the north and the south they continue to erode Israel's deterrent capability. Tehran

must be saying, we don't need a nuclear bomb to wipe Israel off the map -- so long as we keep Israel hypnotized by the Iranian nuclear threat, Hizbullah and Hamas rockets will do the job much more cheaply.... Mofaz, like Olmert and Barak, is hypnotized by Ahmadinejad. All he can talk about is the nuclear threat from Iran.... And Tzipi Livni? She has only one thing in her head: establishing a Palestinian state, which she seems to think is the solution to all of Israel's problems. These politicians better take the blinkers off and take a good look in all directions. Danger may be lurking in what are to them unexpected places."

12. Mideast:

Summary:

Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz: "Gaza has no raw materials, but it does have the most valuable resource of the 21st century: a young, energetic population with free time -- just like Taiwan after the Chinese civil war."

Block Quotes:

"The Taiwan of the Middle East"

Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz (8/12): "Gaza has no raw materials, but it does have the most valuable resource of the 21st century: a young, energetic population with free time -- just like Taiwan after the

Chinese civil war. It is both necessary and possible to teach Gaza residents to test and develop software at competitive prices. High-tech exports require no physical shipping.... This idea was presented to the World Bank's representative, but he dismissed it scornfully. 'That's good for the long term.' That was a mistake. The long term is a collection of short terms. What is not begun now will never materialize in the future. The U.S. administration and the World Bank wasted time finalizing the Agreement on Movement and Access with Israel, which, predictably, was promptly violated. Gaza remained with neither agriculture nor high-tech -- just shortages. The good news is that it is not too late. If Hamas quells the internal violence, enforces the truce with Israel and internalizes its responsibilities toward Gaza's residents, it can build a new economy in Gaza. But it should not waste time on agriculture; it should train unemployed Palestinians for modern jobs and gradually wean Gaza from its dependence on Israel for transit. This will not end the conflict or eliminate terror. But if the distress were eased, if Gaza residents were employed, and if the storm brewing under the surface were calmed, that would be a huge achievement. And should Gaza flourish, that would also give hope to Palestinians in the West Bank. Delusional? Absurd? Look at Taiwan."

MORENO